

Colorado Springs Utilities Line Extension and Development Policies

Infill Steering Committee
Brent Schubloom
System Extensions Manager
February 17, 2015

Agenda

- Utilities regulatory landscape
- Utilities line extension policies
 - By service
 - Greenfield and infill
- System Development Charges
- Electric Undergrounding
- Questions

Utilities' Guidelines

- Colorado Constitution
 - Limits a public entity's ability to “donate” public funds
- State Statutes & City Code
 - Rates = cost of service
 - Charged according to use
 - Sufficient to operate, repair & maintain systems
 - Just, reasonable sufficient & not unjustly discriminatory
 - Reasonable & appropriate in light of all circumstances

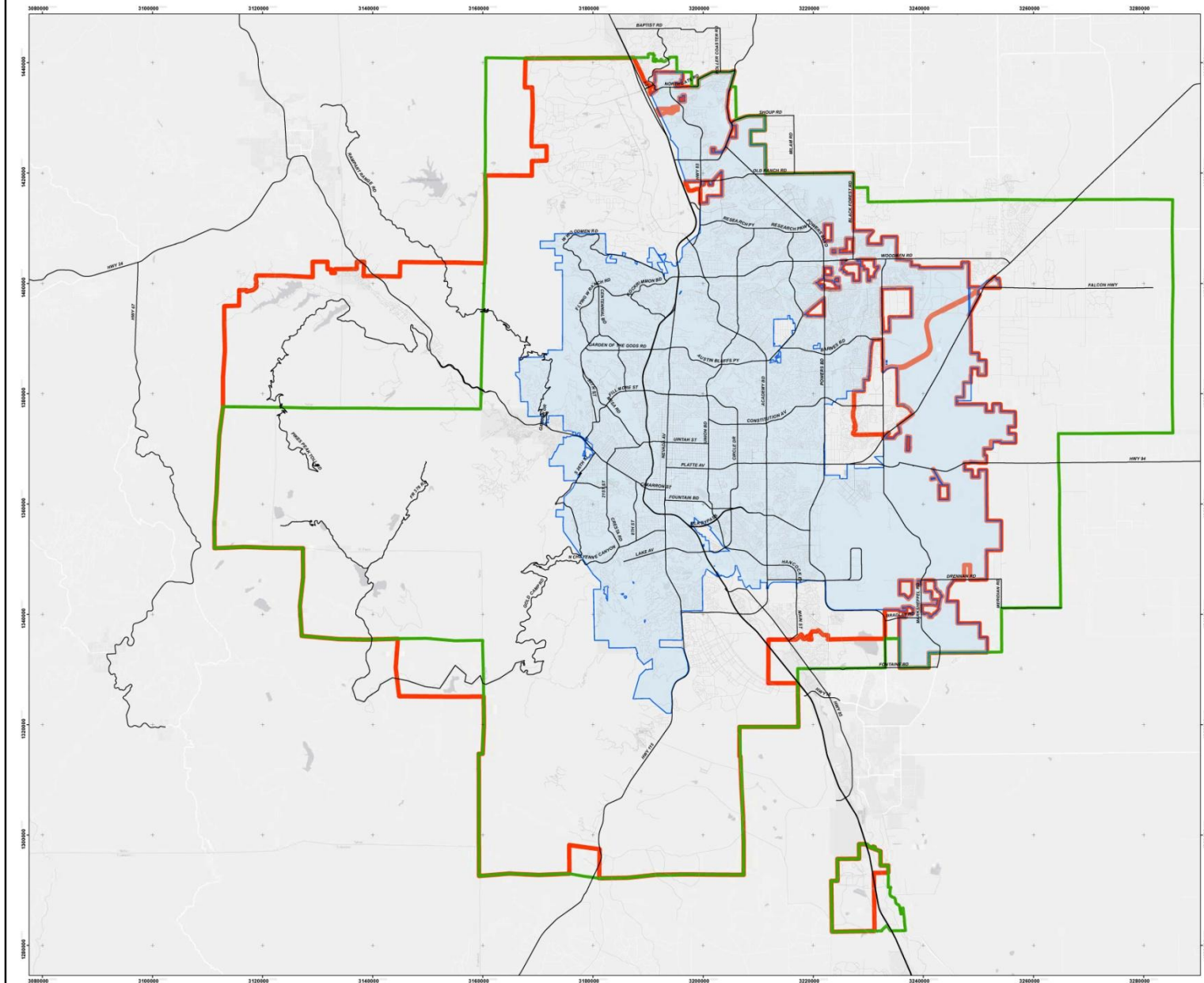


Utilities' Guidelines

- Utilities Rules and Regulations
 - Can not waive fees & charges
- Bond Covenants
 - For capital funds:
 - No free service or waiving of fees owed
 - Limitations of “private activity” or private facilities
 - Tax code & tax exempt status
 - Cannot fund for individual customer/site
 - Potential impacts on bond status /bond rating

- Executive Limitation 14 – Community Investment
 - The CEO shall not:
 - Prohibition 9 -- Fail to consider that the primary method by which Colorado Springs Utilities contributes to economic development is through its obligation-to-serve responsibilities.
 - Prohibition 10 -- Offer economic development incentives, or special rates or terms and conditions for utility services, unless they are defined within the Utilities Rules and Regulations and the Tariffs.

Colorado Springs Utilities - Utility Service Boundaries



Copyright © 2013. The City of Colorado Springs and its utility divisions (Colorado Springs Water, Colorado Springs Gas, and Colorado Springs Electric) are the authors of this map. All rights reserved. This map is for informational purposes only and does not constitute a contract. The City of Colorado Springs and its utility divisions are not responsible for any errors or omissions on this map. The City of Colorado Springs and its utility divisions are not responsible for any damages, including consequential damages, arising from the use of this map. The City of Colorado Springs and its utility divisions are not responsible for any damages, including consequential damages, arising from the use of this map.



1 inch = 5,711 feet

Major Streets

Centerlines Master

Water / Wastewater Service

Gas Service

Electric Service

Noted:

This map depicts the utility service boundaries for the City of Colorado Springs Utilities. It does not show the boundaries of the City of Colorado Springs, nor does it show the boundaries of the County of El Paso. The City of Colorado Springs and its utility divisions are not responsible for any damages, including consequential damages, arising from the use of this map.

This map was produced by the City of Colorado Springs and its utility divisions. It is not a contract. The City of Colorado Springs and its utility divisions are not responsible for any damages, including consequential damages, arising from the use of this map.

Author: Tim Thomas
Date: 12/12/2013



Infill/Redevelopment

- Utilities infrastructure is generally sized for the land use in place
- Changes in use or density may require increase in capacity
- Typically an infill project may have:
 - Existing infrastructure
 - Distribution/collection mains and services lines
 - Meter credits available
 - Require relocations



Line Extension Policy Summary

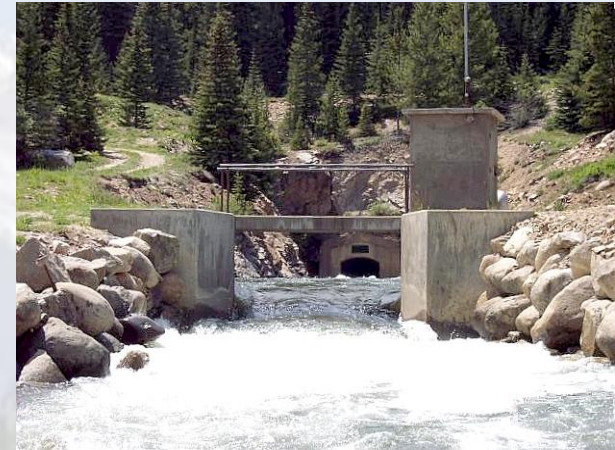


Colorado Springs Utilities
It's how we're all connected

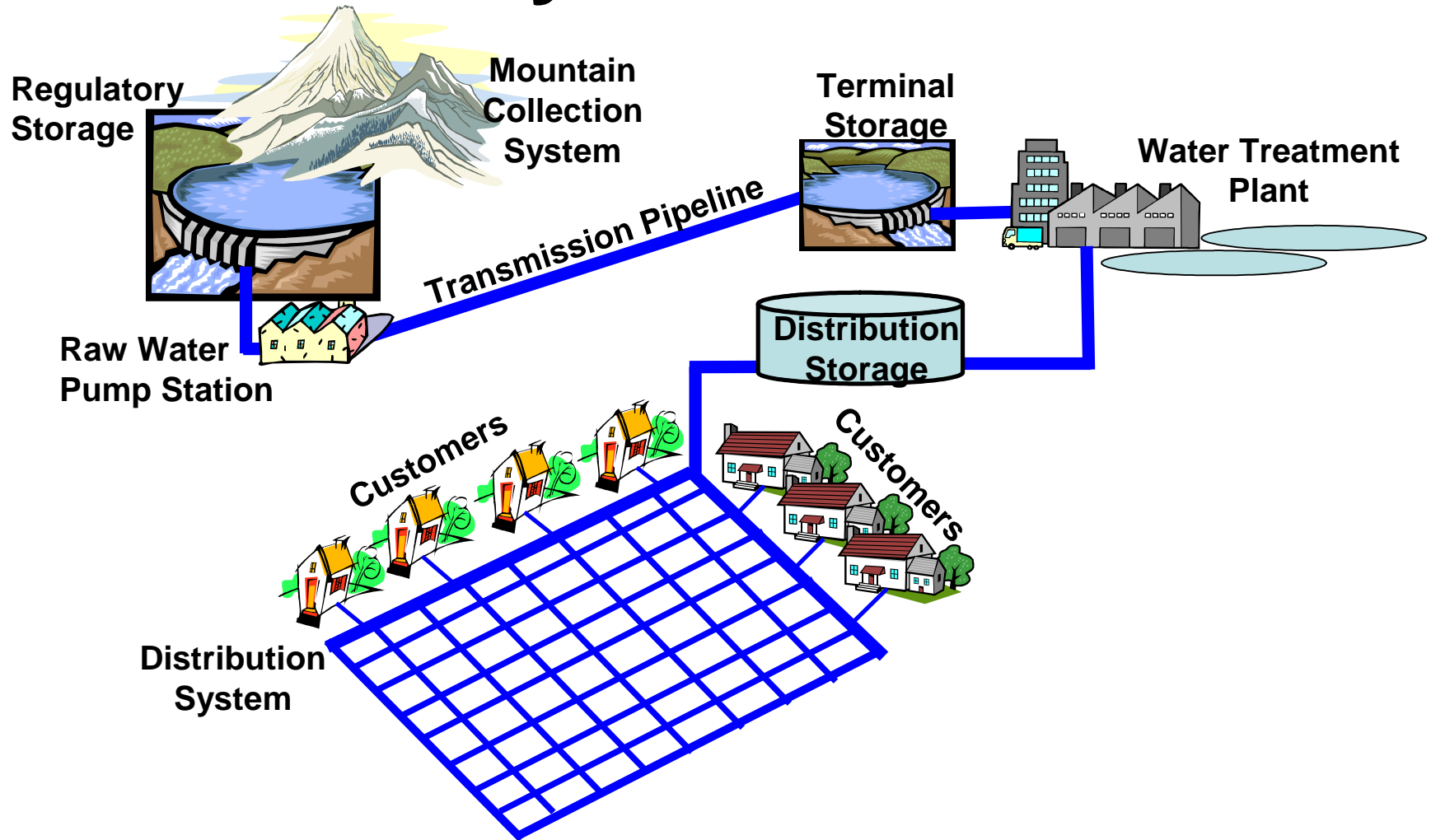


Water Extension Policy

- The developer is responsible for:
 - Designing and installing the system required to serve their development
- Utilities is responsible for supply, water treatment, transmission, and storage facilities
- Developer can receive cost recovery if:
 - If system benefits others
 - Recovery for main extensions as others connect



Water System Schematic



Infill Projects - Water

- Main extensions not typically required unless
 - Extensions required to furthest extents per City Code
 - Fire flow not sufficient
 - For building type
 - Reductions for fire sprinklers
- Other:
 - Fire lines and service lines required to serve property

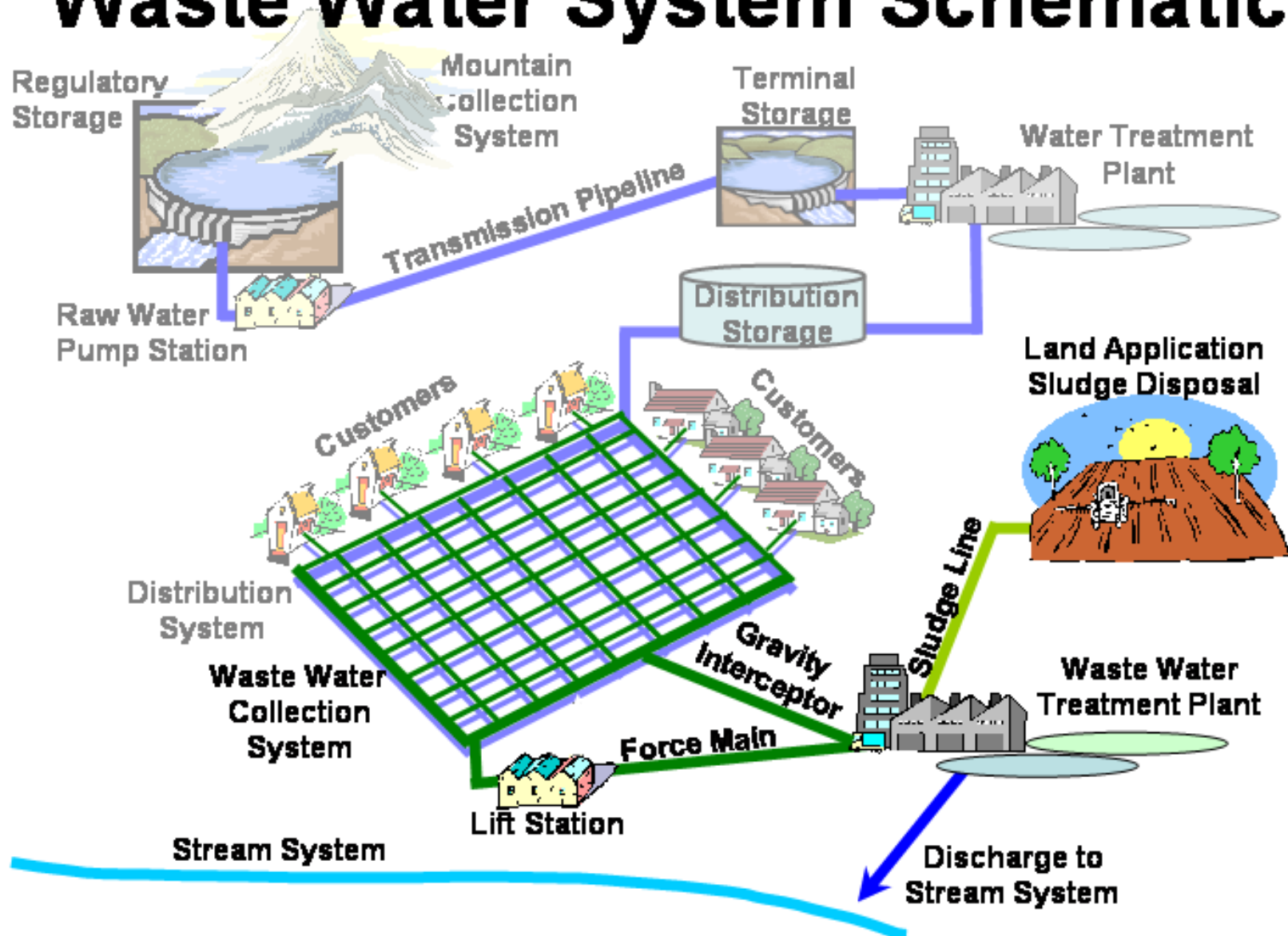


Wastewater Extension Policy

- The developer is responsible for:
 - Designing and installing the system required to serve their development
 - Includes trunk and interceptor lines to the treatment plant
- Developer can receive cost recovery for main extensions if:
 - If system benefits others
 - As connections occur
 - For a 20-year contract term



Waste Water System Schematic



Infill Projects - Wastewater

- Main extensions may not be required unless
 - Extensions required to furthest extents per City Code
 - Off-site relief (downstream improvements) – not typical
- Other:
 - Service lines required to serve property



System Development Charges

- Development Charge –assessed to the builder
 - For utility service at a specific location
 - Water: recover embedded cost of water rights, supply, raw water transmission, treatment, and some distribution plant
 - Wastewater: recover embedded cost of large interceptors, treatment and sludge disposal
 - Electric & Gas: no development charge assessed
- Deferral programs available for qualifying affordable housing or primary employers
 - Also deferral option during building until meters are needed
- By ordinance (+Tariff) cannot be waived for any user

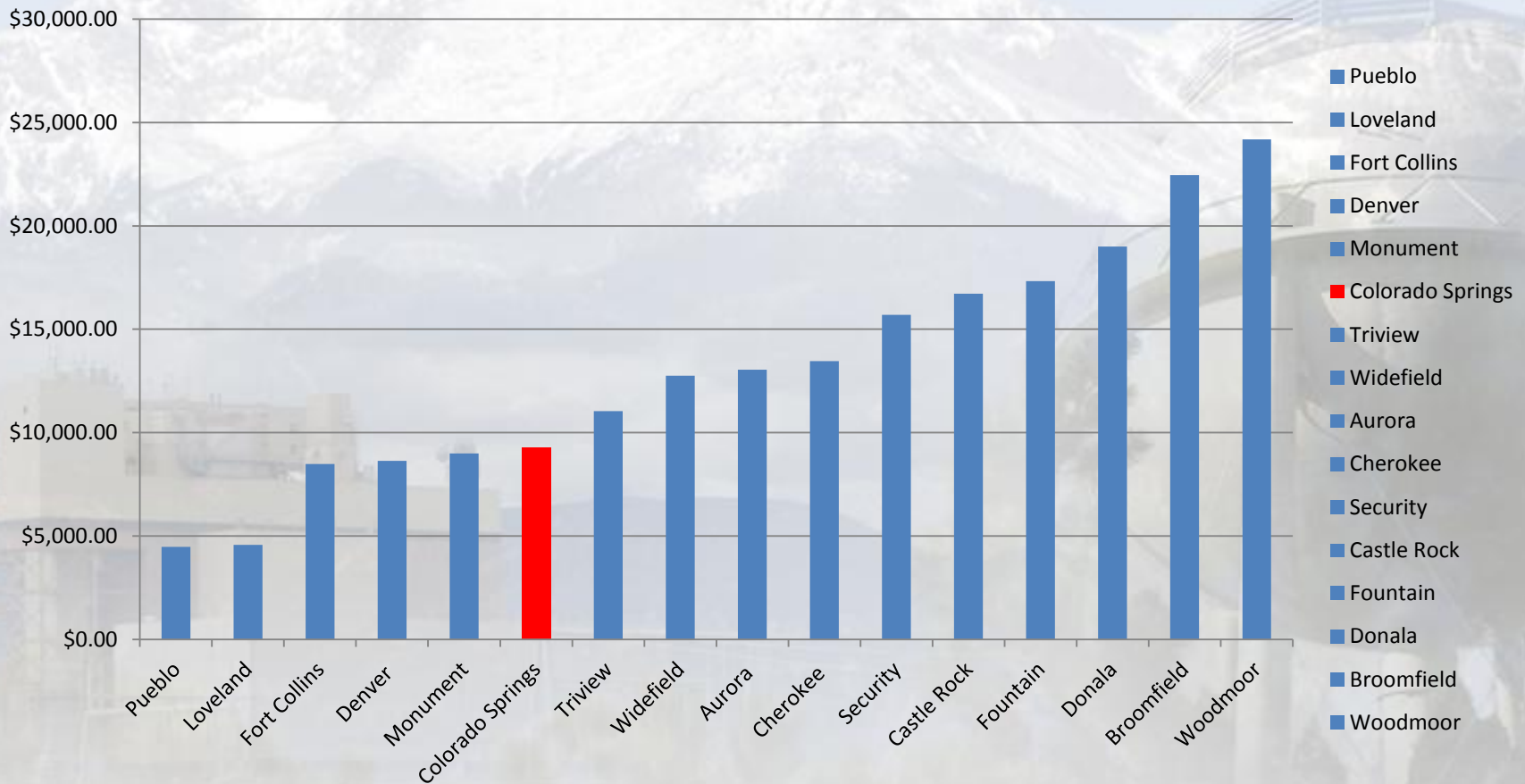
Recent Changes to SDCs

- 2010: Changed multi-family policy
 - Mixed use or change of use (commercial to multi-family)
 - No charge if no change in meter size required
- 2012: Reduction in Commercial WDCs
 - For nonresidential (1" to 4" meters) by ~50%



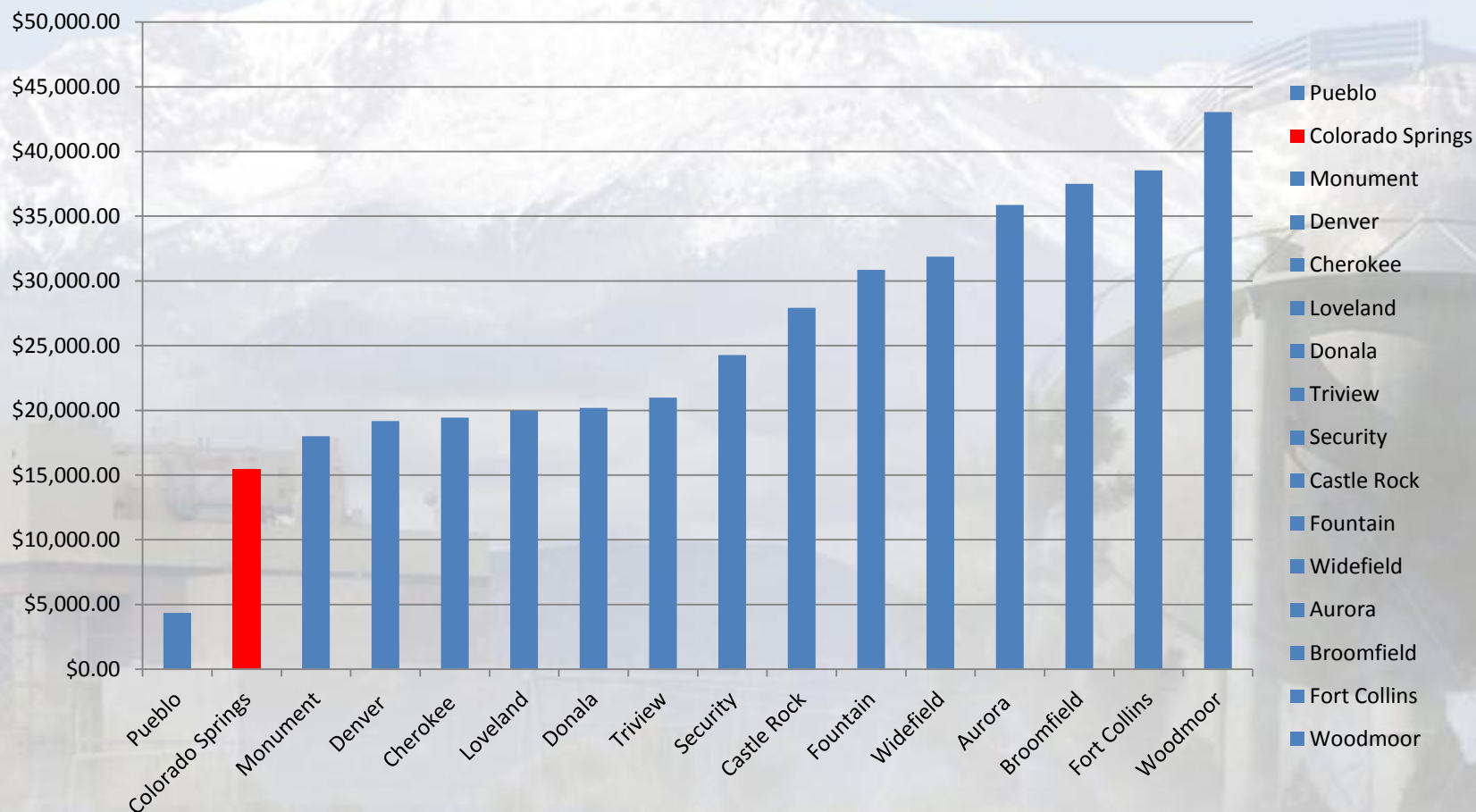
WDC Comparison – Residential

3/4" Single Family Detached Water Meter Development Charge Effective January 2015



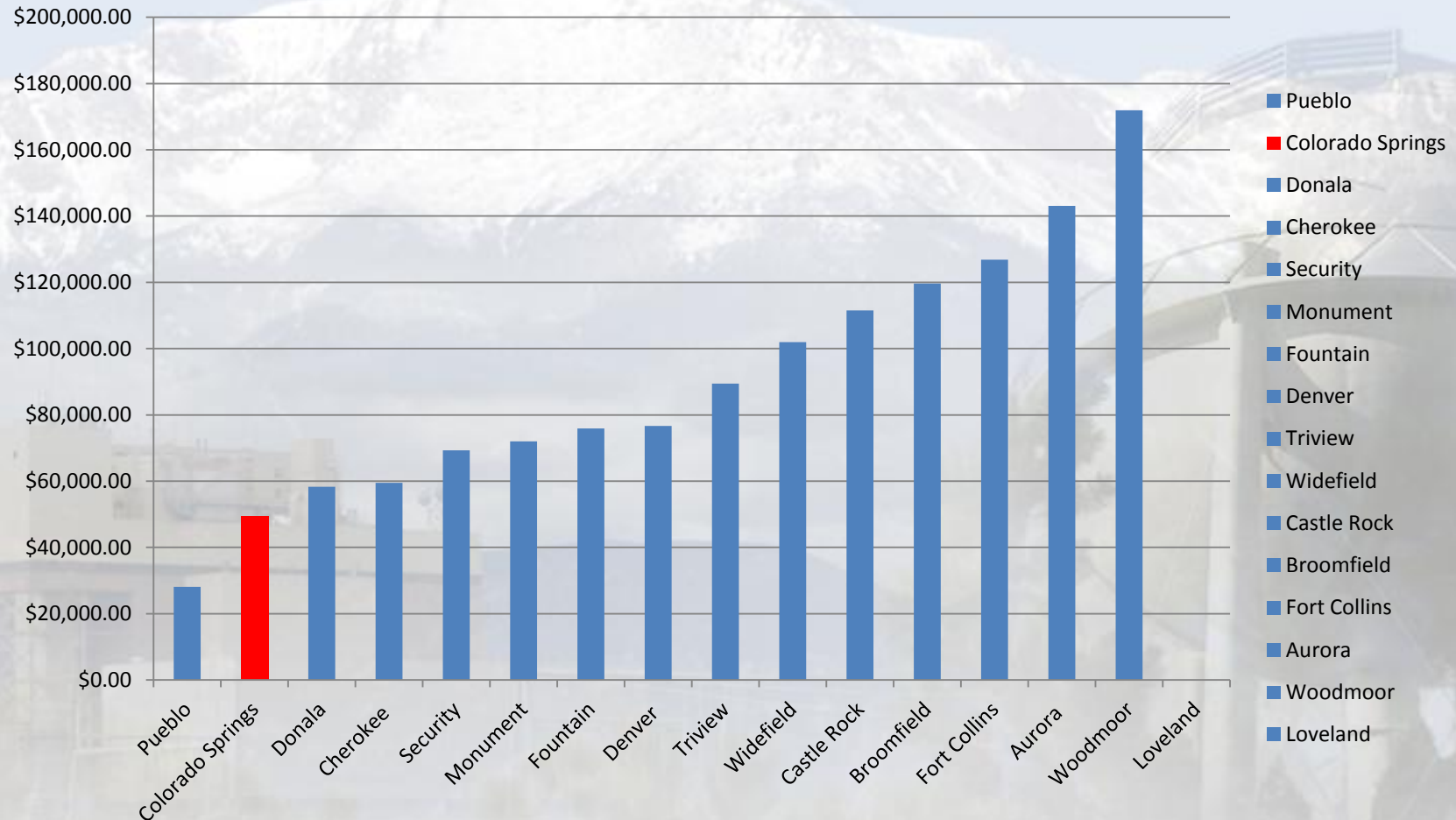
WDC Comparison – Non-residential

**1" Non-Residential Water Meter
Development Charge**



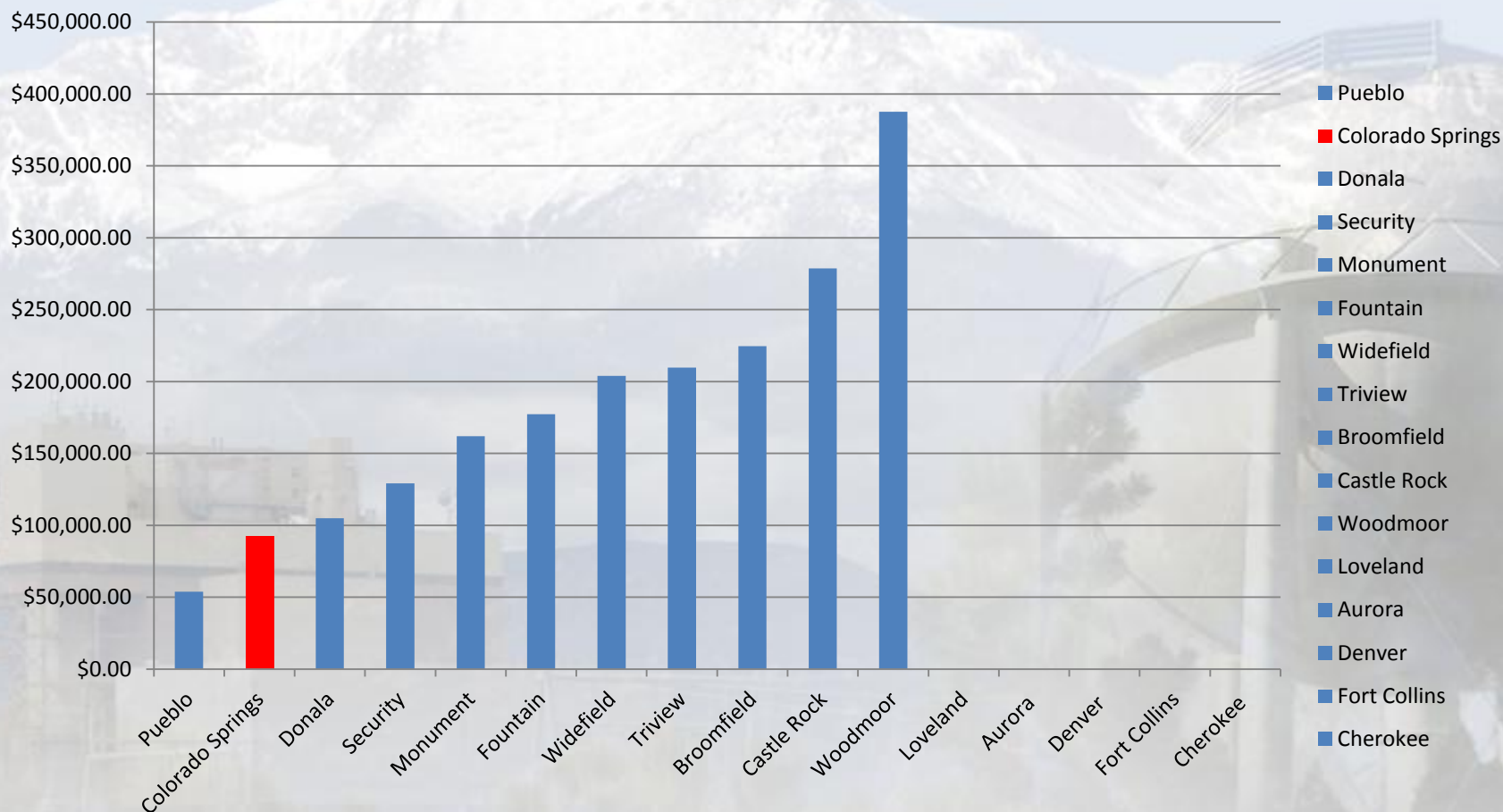
WDC Comparison – Non-residential

**2" Non-Residential Water Meter
Development Charge**



WDC Comparison – Non-residential

**3" Non-Residential Water Meter
Development Charge**



Electric Extension Policy

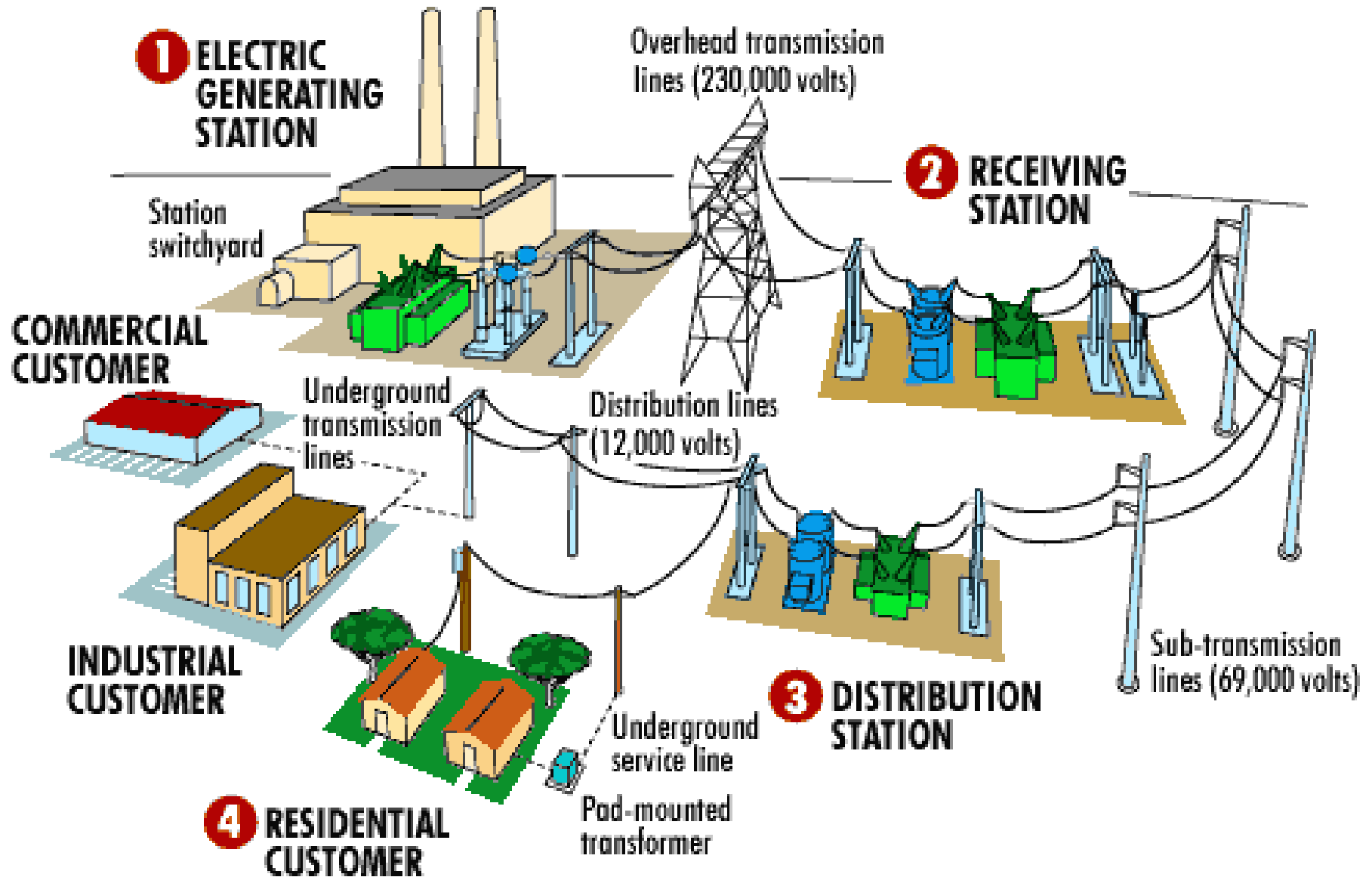
- All new electric distribution system is required by ordinance to be installed underground
 - Developers pay for the cost to underground
 - Overhead distribution system costs are recovered through rates
- Some extensions require developer contribution
 - Increasing cost dependent on distance of the line extension and number of lots (residential) or load (transformer KVA – commercial)
 - The developer contributions are not eligible for refund or reimbursement

Electric Extension Policy

- Developer is required to construct certain infrastructure required to serve the property:
 - Residential: service lines, including trenching, backfilling, restoration and materials
 - Commercial: the primary trench, conduit, transformer pad and secondary service lines on the property

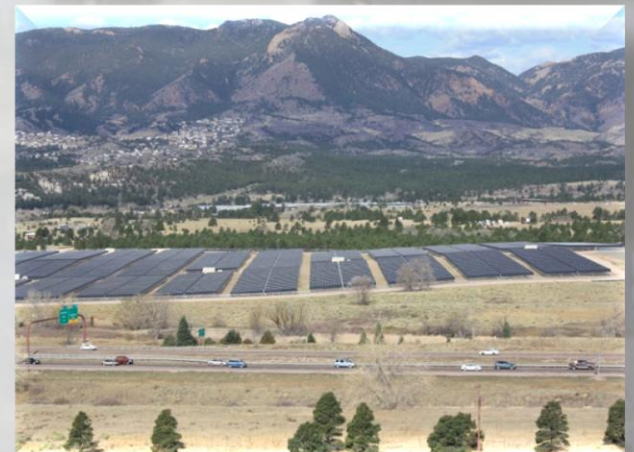


Electric System Schematic



Infill Projects - Electric

- Does not typically require line extensions and \$ contributions
 - Distribution lines exist, or
 - Credits (KVA or residential) can be applied
- Except:
 - Commercial: developer installs conduit/trenching and all secondary
 - Cost of relocations
 - Cost of undergrounding overhead system



Electric Undergrounding

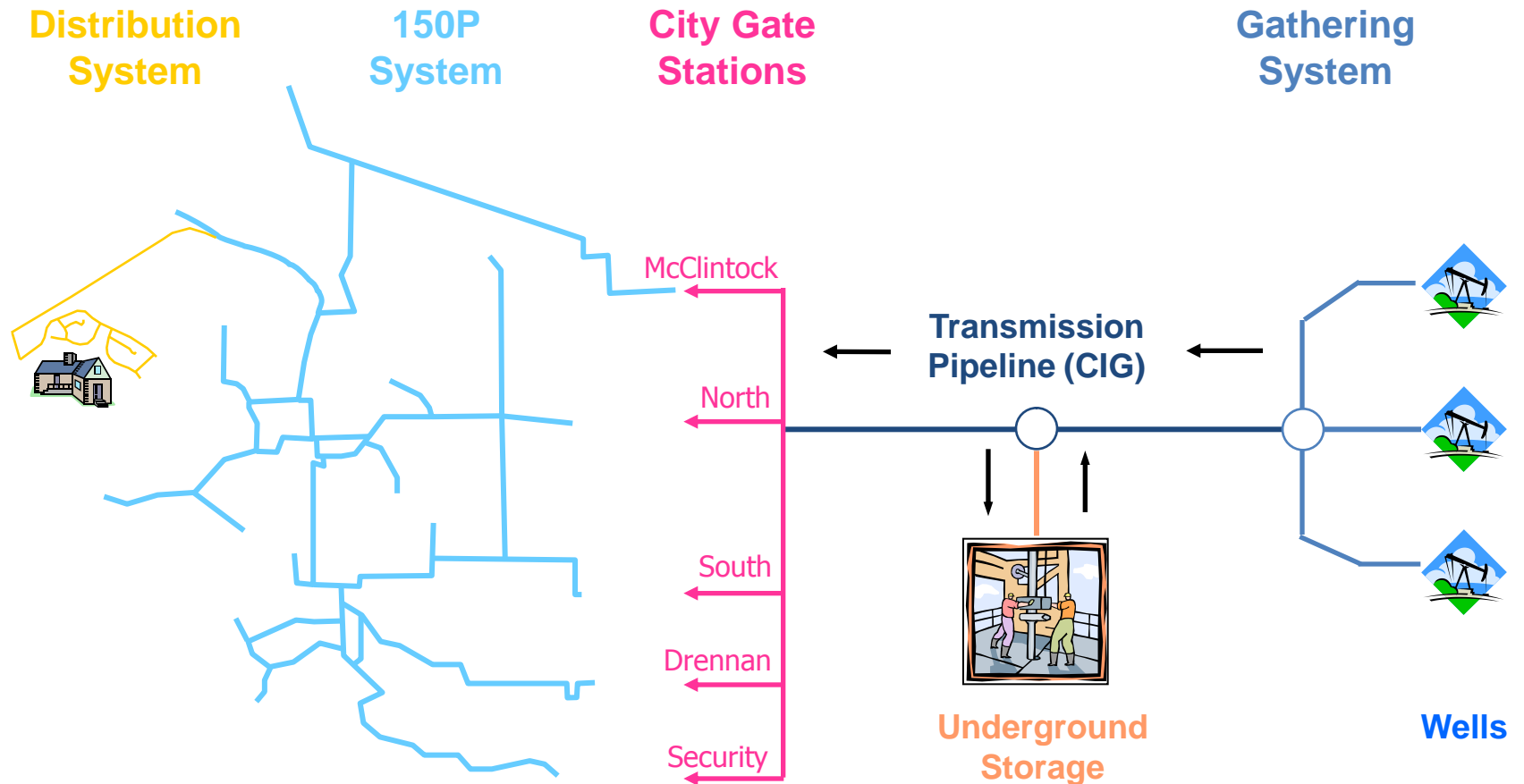
- System Improvement Program
 - Up to 50% contribution for mainline conversions
 - Customer responsible for service conversion
 - Dependent upon availability of funds
 - Available to customers in the electric service area



Natural Gas Extension Policy

- “Utilities where economically feasible, will extend mains and Service Stubs....”
- Two approaches based on risk:
 - Economically feasible
 - Requires a 16% contribution of cost of extension
 - Based on embedded amount of cost recovery thru rates
 - Developer advance contract
 - 100% of the capital cost of distribution system extension
 - As new customers are connected, developers are refunded the pro-rata portion of infrastructure costs recovered through rates
- Risk avoidance mechanism
 - If development does not build out, the cost of the infrastructure is the developer’s not the ratepayer’s

Natural Gas System Schematic



Infill Projects - Natural Gas

- May not require line extensions and contributions
 - If distribution and service lines exist
- Except:
 - Cost of system reinforcements (new capacity)
 - New service lines:
 - Developer installs 2" and smaller services
 - Utilities installs >2" services at developer's cost



Tools/Policy Options

- Meter - System Development Charge (SDC) Credits
 - Water and wastewater
 - Credit for reuse up to 20 years, subject to inactive fees
- SDC deferral options
 - Affordable Housing
 - Primary employer
 - Development/building deferral – due prior to service/meters
- Economic Development Special contracts
 - Typically payment terms
 - Fee deferrals, relocation, line extension, and capacity improvements
 - Revenue guarantees or financial assurances
 - Show positive return on investment
- Employees with expertise in development

Questions/Discussion

